

The suspension of purchases of silver bullion and the issue of circulating notes under the Sherman law left the United States, in view of the limitations of the national bank-note circulation, without any means of materially increasing their currency. The importance of a currency system more adapted to commercial needs, and capable of greater expansion in the South and West, was under discussion among Democratic leaders for several years before the panic of 1893 and began to assume definite shape during the discussion on the repeal of the Sherman law. It was believed by many that the clamor for the free coinage of silver was largely stimulated by the lack of an elastic circulating medium in the newer sections of the country and that this clamor would end, except in the small silver-producing States, if such a medium were provided. The democratic national platform, adopted at Chicago, June 21, 1892, contained the declaration, "We recommend that the prohibitory ten per cent, tax on State bank issues be repealed." This declaration was not interpreted by conservative members of the party in the North as a declaration for unconditional repeal, and when that question was submitted to the House of Representatives on June 6, 1894, it was rejected by a vote of 102 in the affirmative and 172 in the negative, the negative vote including 74 Democrats, nearly all from the Northern States.

The necessity of some new banking legislation was strongly urged upon President Cleveland by Representative Gates of Alabama and other prominent members of Congress while the repeal of the Sherman law and the tariff bill were pending. The President spoke in an encouraging manner of the necessity of currency reform, but he refrained from complicating the other issues before Congress by any specific recommendations until the meeting of the short session on December 3, 1894. The dissatisfaction with the system of note issues authorized by the national banking law and the belief that a different system must be substituted had been steadily growing, and the adoption of a new system was advocated by many of the most influential bankers of New